

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
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March 18, 1999      LB 142, 674

floor for purchasing power. As an example, if you start out with a benefit of \$1,000, over time the purchasing power of that has been eroded to \$500, your benefit will be increased to \$750. After that, it provides an ongoing COLA of up to 2 percent or the cost of inflation, whichever one is less. Those are extremely important objectives in those three defined benefit plans, as I've indicated before. The lack of a COLA was identified as one of the major defects in our defined benefit plans. We are now able to address those, these changes, primarily because we've seen investment returns in excess of the actuarially estimated rates of return. Now, again, I will pledge to you that if there is a problem with the financing of the COLA in either the judges or the state patrol plan, we will bring to you appropriate adjustments. Within the school plan, within the school employees retirement plan, again, we are making an important adjustment from a factor of 1.8 to 1.9, so that as an initial benefit, school employees will receive a higher benefit than they would have if we do not pass the bill. Again, that change in the benefits is paid for and, again, it has been paid for in part by a contribution rate that is in excess of what would be absolutely the minimum necessary to fund the plan but primarily it has been funded by significant growth from investments. And as long as that continues, we will be able to enhance the benefits under the plan within the existing contribution rates and I believe that it is important that we continue to do that until we've reached the plan objectives of a 2... of a factor of 2, a purchasing power COLA of 3 percent, with a 95 percent floor. We're moving significantly toward that goal if we are able to adopt 674 and I urge your support for it.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. The question before us is the advancement of LB 674 to E & R Initial. Those in favor vote aye, those opposed nay. Have you all voted? Please record.

CLERK: 34 ayes, 0 nays on the advancement of LB 674.

PRESIDENT MAURSTAD: The bill is advanced. Mr. Clerk, LB 142.

CLERK: Mr. President, LB 142 was a bill introduced by Senator Wickersham. (Read title.) The bill was introduced on January 7, referred to the Revenue Committee, advanced to